

EXHIBIT 21

Sage Associates
Sage Associates II
200 Central Park South
New York, N.Y. 10019

Bernard L. Madoff
Investment Securities
885 Third Avenue
New York, N.Y. 10022

Dear Bernie,

After discussions with Paul we have come up with the following plan with regards to the Sage Associates (1S-0004) and Sage Associates II (1S-0005) accounts.

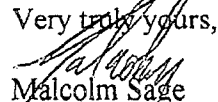
1. Sage Associates (1S-0004)
 - ✓ a. Abercrombie & Fitch - Please deliver the short position in the "7" account to the "3" account to close out this position.
 - ✓ b. Dow Chemical - Please deliver the short position in the "7" account to the "3" account to close out this position.
 - ✓ c. International Paper - Please deliver the short position in the "7" account to the "3" account to close out this position.
 - ✓ d. Oracle - Please deliver the short position in the "7" account to the "3" account to close out this position.
 - ✓ e. Qualcomm - Please deliver the short position in the "7" account to the "3" account to close out this position.
 - ✓ f. Please realize approximately \$600,000.00 (six hundred thousand) of gain in the "8" account.
2. Sage Associates II (1S-0005)
 - ✓ a. Gateway - Please deliver the short position in the "7" account to the "3" account to close out this position.
 - ✓ b. Coca Cola - Please sell this position in the "3" account.

After these steps have been taken we would like to withdraw the sum of \$6,000,000. (six million dollars) from Sage Associates (1S-0004).

Finally, It would be helpful to obtain a September Portfolio management statement for Sage Associates and Sage Associates II.

If you have any questions, please call either Paul or myself.

With many thanks for all your help, advice and attention, I am

Very truly yours,

Malcolm Sage